

**MINUTES OF THE  
PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING**  
Room 445, State Capitol  
February 7, 2013

Members Present:

Sen. Howard A. Stephenson, Co-Chair  
Rep. Bradley G. Last, Co-Chair  
Rep. Steve Eliason, House Vice Chair  
Sen. Patricia W. Jones  
Sen. Mark B. Madsen  
Sen. Aaron Osmond  
Sen. Steve Urquhart  
Rep. Joel K. Briscoe  
Rep. Francis Gibson  
Rep. Steve Handy  
Rep. Mike S. Kennedy  
Rep. David E. Lifferth  
Rep. Carol Spackman Moss  
Rep. Jim Nielson  
Rep. Kraig Powell

Members Excused:

Sen. Stuart Adams

Members Absent:

Sen. Lyle Hillyard, Sen. Daniel Thatcher, Rep. LaVar Christensen

Staff Present:

Mr. Ben Leishman, Legislative Fiscal Analyst  
Mr. Thomas E. Young, Legislative Fiscal Analyst  
Ms. Wendy Hill, Secretary

A copy of related materials and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov). A list of visitors and a copy of handouts are filed with the subcommittee minutes.

Co-Chair Stephenson called the meeting to order at 8:17 am.

**1. Budget Review: Voted & Board Local Levy Programs**

Mr. Ben Leishman, Fiscal Analyst, discussed the Voted & Board Local Levy Programs. The Voted Local Levy and Board Local Levy are state supported property tax guarantee programs. School districts levy a property tax and the state guarantees the district will

receive a certain amount of revenue per Weighted Pupil Unit (WPU). School districts that don't meet the minimum revenue level per WPU established by the Legislature receive a state funding allocation. The state guarantee rate in FY 2013 is \$27.36 per WPU. The

Legislature may opt to implement the statutory increase for FY 2014 which raises the guarantee rate from \$27.36 to \$29.97, at an estimated cost of \$27.3 million. Charter schools do not participate in the programs in the same manner as school districts. The Charter School Local Replacement Program (CSLRP) formula provides funding to charter schools in lieu of direct participation in the local levy programs. The Legislature may wish to adjust the statutory index [0.010544] to negate the unintended consequences associated with the WPU Value increase in FY 2012.

Mr. Leishman recommended the Legislature adjust the state guarantee rate index from 0.010544 to 0.00963.

The state budget includes revenues from three property tax programs; the Voted Local Levy and Board Local Levy are two of these levies. The state has little control over how districts expend the revenue. The levy revenues are included in the state budget because they interact with state funds in statutory formulas.

Mr. Leishman recommended the Legislature only include the local revenues guaranteed by the state for the Voted Local Levy and the Board Local Levy in the budget.

Co-Chair Stephenson asked for an explanation on the recommendation as opposed to the complete reporting of revenue. Mr. Leishman said if there was an inclusion of all the levy revenues there would be a onetime increase of \$280 million in the education budget. Co-Chair Stephenson suggested the entire levy revenue be included regardless of the onetime increase. Rep. Nielson questioned what the state dollars financed and what local property tax funded.

## **2. Bills/Requests**

Representative Handy spoke about House Bill 49, "Voted and Board Levy Programs Amendments." Currently there is \$19.5 million at Utah State Office of Education (USOE) that is not appropriated because the certified property tax rate comes after the legislative session. The bill requires the tax funds be distributed each year and attempts to equalize the school district revenue.

Rep. Briscoe asked if this money was not appropriated. Co-Chair Stephenson explained these funds are the results of inexact projections of the income from property tax. Mr. Leishman added there are two estimates on the Voted and Board Levies; first the number of WPUs and second the anticipated tax revenue in the district. Overestimating enrollment

growth or underestimating property tax amounts leaves extra money in the program that is not allocated. Rep. Briscoe asked what school districts would receive part of the \$19.5 million. Mr. Thomas E. Young, Fiscal Analyst, referred to a chart that showed the

distribution formula. Co-Chair Stephenson further explained local districts levy tax differently. He said equity among the districts should be a Legislature priority, inequality in funding was created by the Legislature. Rep. Nielson commented on equalization and allowing local districts to make choices on raising revenue. Mr. Leishman said the fiscal note on H.B. 49 is a one-time adjustment on the rate.

### **3. Budget Review: Related to Basic School Program**

Mr. Leishman discussed the Related to Basic School Program, the third category in the Minimum School Program (MSP). The Related to Basic School Program is funded by the Legislature to complement the WPU programs. Allocations target a specific educational need, student population sub group, or a teacher sub group. All the funding for the Related to Basic School Program comes from the education fund and Interest and Dividends from the state permanent fund. He recommended the ongoing base budget of \$440,823,100. Adjustments are needed for the expected student enrollment growth for FY 2014. The FY 2013 budget includes several programs funded from one time revenue sources. Funding for these programs will not continue in FY 2014 without additional appropriations. The programs are: Dual Immersion, Teacher Supplies & Materials, Beverley Taylor Sorenson Elementary Arts Learning Program and the Early Intervention Program. Educator Salary Adjustments (ESA) statutes require an annual adjustment. The cost for FY 2014 is \$2.3 million. Adjusting for changes to the retirement rate would increase the employer paid benefit percentage 4.74 percent to 28.9 percent. The total estimated cost to adjust the rate is \$5,996,900 on top of the already mentioned salary adjustment amount. The school LAND Trust Program provides funding to schools to support academic achievement and school improvement. He recommended appropriating an additional \$6,110,000 from the Interest and Dividends account to the School LAND Trust program for FY 2014.

Rep. Eliason asked for information about teacher's wages over the past few years. Mr. Leishman said it is available in the State Superintendent's report. Rep. Lifferth asked about the rate of return on interest and dividends. Mr. Leishman said interest and dividends were earned from investments of about \$1.3 billion in the permanent state school fund account. Rep. Lifferth asked how one time funding items were divided among school districts. Mr. Leishman said the Dual Immersion program is distributed based on local opts-in and application to the state school board. Teacher supplies are based on the number of teachers in a school district. The Beverley Taylor Sorenson Elementary Arts Learning Program is limited and optional to districts. The Early Intervention Program is optional to districts. Co-Chair Stephenson explained the costs associated with the Dual Immersion program. Rep. Briscoe asked for clarification on enrollment growth costs for programs below the line. Mr.

Leishman explained some programs have statutory language and some programs were discretionary. Rep. Madsen asked about teachers' reimbursement for expenditures. Mr. Leishman said newer teachers have reimbursements at a higher amount than the more experienced

instructors. Rep. Kennedy commented some teachers choose benefits over salary increases and teachers should have a choice and plans should include autonomy and accountability.

Mr. Leishman said every program in the MSP has statutory backing. Past committees have questioned appropriate limits for funding programs in the Related to Basic School Program. Co-Chair Last said the debate of local control vs. state control happens every year. Co-Chair Stephenson commented some school districts requested restricted funds on certain programs.

Sen. Madsen added because the Legislature regulates taxes and they ought to direct the dispersal of the revenue. The Legislature directed pay increases to new teachers to make educator positions more desirable. Rep. Nielson was disturbed by micromanagement of school districts. Sen. Jones said benefits and salaries are important to teachers.

#### **4. School Libraries**

Dr. Sharyl G. Smith, Steering Committee member, SchoolLibraryPALS and former Granite School District administrator presented information about school libraries. A handout was distributed detailing the importance of good reading collections in libraries. Sen. Jones asked about funding history and types of books. Rep. Briscoe, Rep. Moss, Rep. Eliason thanked Dr. Smith and librarians. Rep. Nielson asked about the \$550,000 spent by school libraries and local funds. Co-Chair Stephenson suggested changing the funding libraries.

#### **5. Agency & Governor Recommendations**

Dr. Christine Kearl, Education Deputy, Office of the Governor, presented the Governor's Education Plan. A handout was distributed to the committee. The Governor's Office goal is that 66 percent of all working age adults in Utah will hold a post-secondary degree or certificate by 2020. Budget priorities include funding enrollment growth, increasing educator compensation, Early Intervention, At-Risk support, Science Technology Engineering and Math initiatives, computer based testing, professional development, expanding the Beverly Taylor Arts Program, College/Career preparedness, plans to complete certificates and degrees and collaboration among Utah Education Network, Utah College of Applied Technology, Utah System of higher Education, Utah State Office of Education and Department of Workforce Services.

Rep. Eliason asked about the money for Dual Immersion. Dr. Kearl said the USOE is asking

for \$800,000. Rep. Eliason asked if there were additional money would the Governor approve of it going to the WPU. Dr. Kearl said that would be the Governor's priority. Sen. Jones asked about the WPU recommendation and the challenge of meeting the Governor's goals.

**MOTION:** Sen. Moss moved to adjourn. The motion passed unanimously with Sen. Osmond and Rep. Gibson absent for the vote.

Co-Chair Stephenson adjourned the meeting at 10:00 am.

Minutes were reported by Ms. Wendy Hill, Senate Secretary

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Sen. Howard A. Stephenson, Co-Chair

Rep. Bradley G. Last, Co-Chair